

GUJARAT BOROSIL

GUJARAT BOROSIL LIMITED

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

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NINTH ANNUAL REPORT

1997-98



BOARD OF DIRECTORS

Mr. B.L. Kheruka - *Chairman*
Mr. U.C. Kheruka
Mr. P.K. Kheruka
Mr. D. Himatsingka
Mr. D.A. Dadachanji - (*Nominee of ICICI*)
Mr. S. Gopalan - (*Nominee of IDBI*)
Mr. D.K. Gupta - *Whole-time Director*

COMPANY SECRETARY

Mr. Arun Kumar

REGISTERED OFFICE & PLANT

Village - Govali, Taluka - Jhagadia,
District - Bharuch-393 001 (Gujarat).

HEAD OFFICE

Khanna Construction House,
44, Dr. R.G. Thadani Marg,
Worli, Mumbai - 400 018.

AUDITORS

Singhi & Co.
Chartered Accountants

BANKERS

State Bank of India
Bank of Baroda
The Federal Bank Limited

REGISTRARS & TRANSFER AGENTS

Mondkar Computers Pvt. Ltd.
Unit : Gujarat Borosil Limited
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (E),
Mumbai - 400 093.

NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the Company will be held at the Registered Office of the Company at Village - Govali, Taluka – Jhagadia, District –Bharuch 393 001, Gujarat State on Monday, 28th September, 1998 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 1998 and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. P.K. Kheruka who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. B.L. Kheruka who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 25TH SEPTEMBER, 1998 TO 28TH SEPTEMBER, 1998 BOTH DAYS INCLUSIVE.

Date : 25th August, 1998

By Order of the Board

Registered Office :

Village - Govali
Taluka - Jhagadia
District - Bharuch 393 001,
Gujarat State.

ARUN KUMAR
Company Secretary

DIRECTORS' REPORT

To
The Members of
Gujarat Borosil Limited

Your Directors are pleased to present their Ninth Report and Audited Statement of Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 1998 are given below :

(Rupees in Lacs)

	Year Ended 31.03.1998	Year Ended 31.03.1997
Gross Sales (including Excise Duty)	5717.40	4770.05
Profit before interest and Depreciation	904.56	523.72
Interest	1462.40	1283.87
Depreciation	428.51	—
Excess Income Tax Provision written back	—	2.03
Previous Year Expenses (Net)	0.54	37.07
Loss for the year	986.89	795.19
Depreciation provided for earlier years	1133.21	—
Loss carried to Balance Sheet	2120.10	795.19

After provision of upto date depreciation, the accumulated loss of the Company as on 31.3.98 has amounted to Rs. 3945.28 lacs, which exceeds the entire net worth of Rs. 3744.18 lacs and as such your Company has become a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Your Directors have accordingly decided to make a reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15 (1) of SICA for determination of measures to be adopted with respect to the Company. The erosion in net worth is primarily attributed to unremunerative selling prices, under utilisation of capacity due to overcapacity in the flat glass industry and high interest cost (26% of net sales). The working of entire flat glass industry has been affected adversely due to extremely competitive market conditions in the past 3-4 years.

PERFORMANCE

The production and sales (volumewise) of the Company during the year were approximately at the level of previous year. The sales value was much higher due to better price realisation in the domestic market. As a result, the profit before interest was substantially higher. However, in view of the high interest cost and providing of depreciation, the loss for the year has gone up.

Your Directors regret that no dividend is recommended for the year.

The working of the Company in the current year is somewhat better than last year.

DIRECTORS

Mr. Manu Chadha, Nominee Director of The Industrial Finance Corporation of India Limited, resigned from the Board of Directors of the Company with effect from 28th July, 1997. The Board placed on record the appreciation of the contribution made by Mr. Manu Chadha as a Director of the Company.

M/s. P.K. Kheruka and B.L. Kheruka retire by rotation and being eligible offer themselves for re-appointment.

GUJARAT BOROSIL**SHARE ISSUE**

As reported last year, the promoter Company has brought in funds by way of share capital advance of Rs. 230 lacs. The equity shares against the same are yet to be issued pending approval from the Financial Institutions.

DEPOSITS

Your Company has not accepted any deposits from public till date.

SUBSIDIARY COMPANY

The financial results of Swapan Properties Limited, subsidiary of your Company, are given in the Annual Accounts and Directors' Report of the said company which are annexed hereto.

POLLUTION CONTROL

The Company's plant does not generate any effluent except flue gas, the chemical composition of which is within permissible limits.

AUDITORS

M/s. Singhi & Company, Chartered Accountants, will retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible have expressed their willingness for re-appointment.

AUDITORS' REPORT

The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are annexed hereto and form part of the report.

INDUSTRIAL RELATIONS

During the year under review, the industrial relations of the Company with its employees remained cordial.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in the Annexure to the Report.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation of the assistance/various facilities and co-operation received from the Financial Institutions, Banks, Government of Gujarat and employees during the year under review.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 25th August, 1998

B.L. KHERUKA
Chairman

INFORMATION UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

FORM - A

1.4.97	1.4.96
to	to
31.3.98	31.3.97

CONSERVATION OF ENERGY

Power and Fuel Consumption

1. Electricity

a. Purchased		
Unit (KWL)	47,88,064	45,40,712
Total Amount (Rs. in lacs)	182.36	144.82
Rate/Unit	3.81	3.19
b. Own Generation		
i. Through Diesel Generator		
Unit	22,944	32,800
KWH/Ltrs of Diesel Oil	2.10	2.56
Cost/Unit	3.57	3.35
ii. Through Steam Turbine		
Unit	—	—
Cost/Unit	—	—

2. Furnace Oil/LSHS

Quantity (KL)	213.59	422.93
Total Cost (Rs. in lacs)	10.79	20.16
Average Rate/KL	5052	4766

3. L.P.G.

Quantity (MT)	2.88	99.59
Total Cost (Rs. in lacs)	0.44	15.15
Average Rate/MT	15213	15213

4. Natural Gas

Qty. Scm.	13205356	12186244
Total Cost (Rs. in lacs)	444.18	330.15
Average Rate/Scm	3.36	2.71

5. Consumption per Sq. mtr. of Production of Company's products on 2 m/m basis

Natural Gas (Scm)	1.46	1.34
L.P.G. (Gms)	0.32	11.00
Furnace Oil/LSHS (Ltrs)	0.02	0.05
Electricity (KWH)	0.53	0.50

GUJARAT BOROSIL**FORM - B****FORM FOR DISCLOSURES OF PARTICULARS WITH RESPECT TO R&D AND ABSORPTION OF TECHNOLOGY****A. Research and Development (R&D)**

The Company has carried out Research & Development activities in respect of light transmission analysis and produced higher light transmission glass particularly suitable for horticultural activities.

B. Technology absorption, adaptation and innovation

The Company has successfully commissioned its plant of sheet glass in the year 1994-95 which is working satisfactorily.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Company is making efforts to increase earning of foreign exchange by exporting its products.

Regarding details of foreign exchange earnings and outgo, please refer Note Nos. B-13 & 14 in Notes to the Accounts forming part of the Balance Sheet as at 31st March, 1998.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 25th August, 1998

B.L. KHERUKA
Chairman

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ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998 AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 :

- A) Name of Employees employed throughout the year ended 31st March, 1998 who were in receipt of remuneration of not less than Rs. 3,00,000/- per annum in terms of Section 217 (2A) (a)(i) :

Name, Age & Qualification	Designation/ Nature of Duties	Remuneration (Rs.)	Date of Joining and Experience	Particulars of last Employment
Paramjit Singh, 47 B.E. (Chemical Engg.)	Sr. Vice- President (Works)	3,27,332/-	14-12-1995 (24 Years)	Garware Petrochem Ltd.. - President

- B) Name of Employees employed for the part of the year and who were in receipt of remuneration not less than Rs. 25,000/- per month in terms of Section 217 (2A) (a)(ii) :

NIL

NOTES :

1. Remuneration includes Salary, Company's contribution to Provident Fund, Medical Expenses and the monetary value of perquisites calculated as per the Income-tax Act, 1961 and the rules made therein.
2. The above employee is not a relative of any of the Directors of the Company.
3. Employment was on contractual basis from 1.4.97 to 30.6.97 and on non contractual basis thereafter.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of GUJARAT BOROSIL LIMITED as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date, both annexed thereto, and we report that :-

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts subject to Note No. B-2(b) in Schedule 20 regarding non provision of liquidated damages and penal interest to financial institutions and Note No. B-6(d) regarding non provision of contingent liabilities in respect of disputed excise duty liability, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1998, and
 - ii) In the case of the Profit and Loss Account of the loss for the year ended on that date.

25, S.A. Brelvi Road
Fort
Mumbai - 400 001
Dated : the 25th day of August, 1998

For Singhi & Company
Chartered Accountants

(Praveen Kr. Singhi)
Partner

GUJARAT BOROSIL**ANNEXURE REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH,1998 OF GUJARAT BOROSIL LIMITED**

On the basis of the information and explanations furnished to us and the books & records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that :-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. According to the information and explanations given to us, the Fixed Assets have been physically verified by the management during the year, and no discrepancies were noticed on such verification with book records.
2. None of the Fixed Assets have been revalued during the year.
3. The stock of raw materials, stores & spare parts and finished goods except finished goods in transit have been physically verified by the management at reasonable intervals during the year.
4. The procedure followed by the management for physical verification of stock is reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies between the physical verification of stocks as compared to book stock which are insignificant, have been properly dealt with in books of account.
6. In our opinion valuation of stocks, has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as followed in previous year.
7. The Company has not taken any loan, secured or unsecured from companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 or from Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, except interest free advances in current account from the holding company. The terms and conditions of the above advance in current account is not prima facie prejudicial to the interest of the Company.
8. In respect of unsecured loan of Rs.10.68 lacs given in earlier years (including interest) (Previous year Rs. 9.74 lacs) to its subsidiary company, the rate of interest, as considered reasonable by the management, has been charged. The terms of repayment of this loan is on demand, interest on such loan is yet to be recovered. No loan, other than aforesaid loan, has been granted, to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
9. Advances in the nature of loans to employees are generally being recovered as per stipulation, alongwith interest, wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of raw materials, stores & spare parts, components, plant and machinery, equipment, other assets and for sale of goods.
11. There are transactions for purchase of goods and sale of goods made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 exceeding Rs. 50,000 in value at the price which are reasonable, having regard to prevailing market price for such goods.